

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1580 - HB 1844

March 4, 2009

SUMMARY OF BILL: Replaces the escalating scale of fines the Department of Commerce and Insurance can impose on health insurance entities for failing to pay claims with the penalties currently found in Tenn. Code Ann. § 56-2-305 which includes issuance of cease and desist orders, suspension or revocation of a license, and imposition of civil penalties in the amount of \$1,000 per violation, not to exceed \$100,000 in the aggregate or \$250,000 per knowing violation, not to exceed \$250,000 in the aggregate.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Not Significant
Increase State Expenditures – Not Significant

Assumptions:

- Changing the civil penalties imposed on health insurance entities will not have a significant impact on the Department of Commerce and Insurance for enforcement and administration of the provisions of the bill. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.
- According to the Department, there will not be a significant impact on the amount of penalties collected based on the provisions of the bill. It is estimated that any decrease in state revenue will not be significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in cursive script, reading "James W. White".

James W. White, Executive Director

/kml

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